NEW JERSEY AND THE GREAT CORPORATIONS.[1]

WITH the increase of business prosperity there has come within a few months past a very great increase in the number of large corporations. This increase has come not by the growth of old companies, but through the combination of small companies into large ones. In many of the leading industries of the country manufacturers have abandoned the struggle of competition and have united their interests in a large corporation, to which they have surrendered all their property and business, to be operated under a common head and for a common purpose. The result of this has been an enormous aggregation of capital and the control of vast industries in the hands of a few organizations.

The large amount of the nominal capital, the great volume and extent of the business controlled under one management, and the rapid increase in the number of large combinations has caused alarm and aroused opposition among the people, and a strong demand is made that something shall be done by the states and the national government to restrict this power of combination and restore the benefit of free competition. "Anti-Trust" is already becoming a political watchword, and the discussion of the question is likely soon to be disturbed by the passions of political contests.

On the one side, there is the increasing tendency of capital toward large combinations for the purpose of diminishing the expense of operation and avoiding competition, and on the other hand there is the undefined but very real fear on the part of the people of the growing power of wealth and of the concentration of the control of great industries in a few hands, the suppression of small dealers, the control of the markets, and the consequent power to raise prices. This fear has expressed itself in legislation against "Trusts" and "Combinations," and in many states severe restrictions are placed upon all corporations that combine in any way for the purpose of avoiding competition, reducing production, or fixing the prices of commodities.

[1] An address delivered before the American Bar Association at Buffalo, August 28, 1899.

It is expressing itself more loudly in the utterances of political leaders and popular agitators, and more effectually in the decisions of the courts sustaining the validity of these statutes, and declaring that combinations to prevent competition or to fix prices are illegal at common law as in restraint of trade.

At the same time, and apparently in spite of all these things, the tendency to concentration increases, and when agreements of combination among several corporations are declared illegal, they all turn their property over to a new corporation with enormous capital, and this, without resorting to any unlawful agreement, simply exercises the right of property, and by means of its vast wealth controls the business more effectually than was ever done by means of the combination under the name of a trust.

The remedies devised against combinations in the form of agreements and trusts seem to be inapplicable to the combinations that consist in the actual merger of existing corporations, or in the formation of companies which merely exercise the common right of purchase of various properties and the good will of many business enterprises.

And yet, although the legal form be different, the practical result of the transaction remains the same. There is the same aggregation of capital, the same combination of many individual enterprises under one control, the same avoiding of competition, and the same tendency toward what is commonly called monopoly. The political and economic results are practically the same, and it is evident from the manifold expressions of popular opinion that the people well understand that the result is the same. The resistance to this tendency to the centralization of industrial enterprises will be continued and new means will be sought for checking the tendency, even though it is working through the forms of existing law. The struggle between the two principles of individualism and co-operation will continue, and the question whether the best results are to be obtained by competition or by combination will be fought out until one prevails over the other, or a new and composite result is obtained.

This is a question of political economy, but at the bottom it is the conflict between two social desires; and as Chief Justice Holmes, of Massachusetts, has lately said,[1] the law is after all but the expression of the prevailing social desire, and courts and lawyers,

[1] HARVARD LAW REVIEW, March, 1899.

therefore, have to deal with these questions; and we must at least have some knowledge of what these desires are, and we must be familiar with the tendency of the statutes and decisions in which these desires are expressed.

I do not propose to attempt to discuss this difficult subject as a whole. It has been discussed in many pamphlets and text-books, and has been considered in various aspects in judicial decisions, and it will, no doubt, be the theme of many political speeches during the next few years. It has seemed to me, however, that it might be interesting to this Association to hear some discussion of the policy adopted on this subject by the state that is commonly said to have done more than any other to enable this tendency to go on thus far under the forms of law, — the state which first permitted the forbidden "Trusts" to establish themselves under the form of corporations, and has given legal existence to some of the greatest industrial and mercantile combinations of the country.

The "Trusts" having been declared illegal in New York as combinations in restraint of trade, transferred their property to corporations organized under the laws of New Jersey; and during the last ten years companies have been formed under the laws of that state under which the properties and business of corporations in all parts of the country have been united under one management, with capital stock of many millions, and the combinations thus formed have accomplished all the purposes of those that had been declared illegal in New York.

In the report of the Committee of the Senate in New York upon the investigation of "Trusts," there was cited as an example the fact that a combination owning factories in several states, including New York, but without any semblance of any interest in New Jersey, secured a charter there and assumed to carry on its business in New York free from compliance with the beneficial restrictions of her laws.

The fact that New Jersey permitted corporations to hold the stock of other corporations enabled any combination organized under the form of a "trust" to avoid the penalties imposed upon contracts in restraint of trade by simply causing a corporation to be formed in New Jersey, and to purchase the stock and so control the property and business of all the companies concerned in the "trust;" and so it has come about that New Jersey destroyed the effect of the drastic measures taken elsewhere to stop the growth of great combinations of capital, and the number and extent of

such combinations have increased until now, when the notorious Whiskey Trust, which has been attacked with every possible weapon of offence in many states, has lately been organized under the laws of New Jersey as a corporation with a capital stock of one hundred and twenty-five millions, owning the property and business of nearly all the distilleries in the country; and the Federal Steel Company has formed under the same laws a consolidation of the steel and iron industries of the United States, and is the largest steel company in the world.

A list of the largest industrial corporations formed within the past few months shows in a striking manner to what a very large extent New Jersey is responsible for the existence, under the forms of law, of great combinations of capital for controlling the industries of the country.

Thirteen hundred and thirty-six corporations were organized under the laws of New Jersey between the first of January and the first of August of the present year, with an authorized capital of over two thousand million dollars, and in a list of the existing industrial corporations having stock and bonds exceeding ten million dollars, sixty-one were organized in New Jersey as against sixty in all other states.

The following are some of the largest companies of this character organized under the laws of New Jersey during the current year: The Amalgamated Copper Company, with a capital of $75,000,000; The American Woollen Company, with a capital of $65,000,000; The American Hide and Leather Company, with a capital of $75,000,000; The American Cycle Company, $80,000,000; The National Tube Company, $80,000,000; The American Steel and Wire Company, $70,000,000; The National Steel Company, $59,000,000; The American Smelting and Refining Company, $70,000,000; The United States Worsted Company, $70,000,000; The Rubber Goods Manufacturing Company, $50,000,000; The American Ice Company, $60,000,000; The Distilling Company of America, $125,000,000; Federal Steel Company, $200,000,000.

It is true that New Jersey is not the only state in which these large corporations have been formed. There are others which have offered great inducements to the formation of such companies. West Virginia and Kentucky have for a long time afforded especial facilities for the creation of companies intended to do business in other states, and Delaware has lately entered into active competition with the others. New York and many other states have

followed the example of New Jersey in adopting the important provisions permitting corporations to hold stock of other companies, and there are now few states in which corporations cannot be formed which would be capable of acquiring and controlling the property and business of other companies and forming combinations of the most formidable character. The fact remains, however, that New Jersey is the state in which the greatest number of the largest corporations are organized. I need not give in detail the reasons why they are not organized in other states. In some, the state fees on incorporation are very large, and the property represented by capital stock is assessed for taxes at a higher value than similar property of individuals. In others, there is a supervision of the business and the requirement of annual reports of the earnings or of the methods and results of the business, and there are some states in which the legislation against "trusts" and combinations is distinctly directed against corporations which in any way accomplish a similar result.

In view of the strong expression of popular and also of judicial opinion against the combination of corporations for the control of industries, it is evident that New Jersey must answer before the country for the policy by which she has permitted to be accomplished, under the forms of her law, a result which has been regarded by the courts and legislatures of many states as a serious menace to the social and political welfare of the people.

I propose, therefore, to trace briefly the course of the legislation and judicial decisions in New Jersey with regard to business corporations, and to point out some of the reasons why the protection of her laws is sought in the formation and management of the corporations which control some of the largest industrial and mercantile interests of the country.

And when I have done this, the question will remain whether the corporations thus formed under the laws of my own state are subject to the condemnation that has been pronounced against trusts and combinations in restraint of trade. I cannot attempt to discuss the subject on the economic or political side, but I wish to consider briefly the legal principles on which the condemnation is based, and see whether they apply to corporations which have acquired the property of rival companies, as well as to the combinations made by means of contracts which have been declared to be illegal as creating monopolies and as in restraint of trade.

The policy of encouraging the combination of capital for the

promotion of industries is not a new policy in New Jersey. As early as 1791, when public-spirited citizens of New York, Pennsylvania, and New Jersey determined to form a company for the purpose of establishing manufactures in this country, they came to New Jersey for their act of incorporation. It was through the influence and exertion of Alexander Hamilton that the plan was devised. It was a part of his plan of making a single and self-contained nation of the several states. The charter was drawn, or at least revised, by him, and on November 22, 1791, the Legislature of New Jersey passed an act to incorporate the "Contributors to the Society for the establishment of Useful Manufactures." The authorized capital was one million dollars, and the company was empowered to hold property to the amount of four millions. Five hundred thousand dollars were subscribed and over two hundred thousand paid in. The capital stock named was one million dollars. The Governor of the state was authorized to subscribe, in the name of the state, for shares to the amount of one hundred thousand dollars, and a lottery was authorized to be held for the purpose of raising one hundred thousand dollars more. The society was forbidden to go into general trade, but it was authorized to dig navigable canals and deepen rivers, with powers of condemnation, and given the right to take toll; and provision was made for the incorporation of the inhabitants of such district, not exceeding in area thirty-six square miles, as the society should select, and this district was to become a town, with a mayor and aldermen, and was to bear the name of the great lawyer, William Paterson, who took part in framing the Constitutions and the Judiciary Acts of New Jersey and the United States. The site chosen was on the Falls of the Passaic, and the city of Paterson has been engaged for more than a century in useful manufactures, and her silk mills, her iron works and locomotive works, have contributed very largely to the development of the country at large; and, not neglecting political and legal affairs, she has lately given to the country its Vice-President and its Attorney-General.

It was not until 1846[1] that any general act was passed for the formation of business corporations, and this again was an act for the encouragement of manufactures. Special charters were granted by the Legislature to companies of various kinds, and general acts

[1] Rev. Stat., p. 139.

had been passed providing for the incorporation of charitable and religious societies. There were statutes passed in 1817[1] and 1829[2] for the protection of creditors of incorporated companies. An act was passed in 1840[3] to prevent fraudulent elections, and there were various other general acts for the regulation of corporations, but the act of 1846 was the first to make a general provision for the aggregation of capital for the purpose of carrying on business without personal liability. This act is the basis of the statutes under which business corporations are now organized in New Jersey. The scope of the act was extended a little in a revision made in 1849,[4] and stockholders were relieved of joint and several liability for the payment in of the whole of the capital stock. The objects for which corporations might be formed under these acts were limited to manufacturing, mining, mechanical, and chemical business. It was required that statements of the debts and assets should be published annually. No debts could be contracted beyond the amount of the capital stock, and stockholders were made liable to repay any part of the capital that might be withdrawn. Directors were held liable for debts if they failed to file statements of the payment in of the capital stock. The business of the company must be carried on within the state, and the meetings of the directors, as well as of the stockholders, must be held there; but it was not required that any of the directors, except the president, should be a resident of New Jersey. Careful provision was made for the regulation of elections, and power was given to the Court of Chancery to appoint a receiver and distribute the assets in case of insolvency. It was assumed in this legislation that the activities of New Jersey corporations would be confined within the state, and it was not until 1865[5] that express provision was made that any company organized under the general law might carry on a part of its business outside of the state, and have one or more offices, and purchase and hold real and personal property outside of the state, on condition, however, that a statement to that effect were made in the certificate of incorporation. In 1866[6] it was declared that a dividend of the accumulated profits, reserving a working capital not exceeding half the amount of the capital stock, should be made every year, and

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[1] Laws 1817, p. 18.
[2] Laws 1829, p. 58.
[3] Laws 1840, p. 112.
[4] Laws 1849, p. 300.
[5] Laws 1865, p. 354.
[6] Laws 1866, p. 1034.

in 1872[1] it was required that a list of the officers and directors, with the residence of each, should be filed annually.

During all this time special charters had been freely granted by the Legislature, and companies of every kind had been formed. The Legislature was subjected to the influences of those who sought for special favors, and the statute books were burdened with private acts of incorporation. In 1873 the Legislature abandoned the policy of granting special charters to railroad companies, and passed an act by which any persons who chose to associate themselves together, and lay out a route and pay in the money required, should have power to build and operate a railroad anywhere within the state; and in 1875 the Constitution was amended so as to forbid the granting of special charters, and the Legislature was directed to pass general laws under which corporations should be organized and corporate powers of every nature obtained. In pursuance of the policy thus indicated, and even before the amendments proposed had been actually adopted, a general act was passed with a view to facilitating the organization of business companies and protecting the capital invested in them.[2]

The act was based upon the Act of 1846 as revised in 1849, relating to manufacturing companies and the existing acts regulating corporations in general. The scope of the act was extended so as to embrace not merely the various objects mentioned in the former statutes, but also "every lawful business or purpose whatever."

In most respects the provisions of the law were the same as those of the former statutes, but an important change was made in the omission of the requirement of the annual publication of a statement of the amount of capital stock actually paid in, of the existing debts, and of the assets of the company. This provision has been retained in many states, and is characteristic of their policy in dealing with corporations; but in New Jersey, where the purpose is the protection of stockholders and creditors, it was considered that the publication of such a statement might, under many circumstances, be disastrous to the business, and that such a requirement would not be tolerated with respect to the business of individuals. Provision was, therefore, made that stockholders should have access at all reasonable times to the books of the company, and they were given power to make such provisions as they thought fit in their by-laws for the regulation of the business;

[1] Laws 1872, p. 27.

[2] Rev. Stat. 1875, p. 175.

but no compulsion was laid upon the company to make known to the public, or to its rivals, the precise condition of its affairs. The provision that the debts should not exceed the amount of the capital stock was repealed, and the liability of the directors for failure to file a certificate of the payment in of the capital stock was materially modified.

Provision was now made for the first time that the directors might issue stock in payment for property purchased, and in this act of 1875 appeared the provision which has made it possible for residents of distant parts of the country to associate themselves for business purposes as corporations under the laws of New Jersey. The act declared that, if the by-laws should so provide, the directors of any company might hold their meetings, have an office and keep the books, except the stock and transfer books, outside the state, on condition, however, that they should always maintain a principal office within the state and have an agent in charge thereof; and the Chancellor and Judges of the Supreme Court were empowered, upon good cause shown, to make a summary order for bringing any of the books within the state. It was only the meetings of the directors that could be held outside of the state, and this is so to-day. No permission has ever been given by any general statute to hold meetings of stockholders outside of the state, and the courts have held firmly to the principle that the organic action of the corporation itself in the meetings of its shareholders and the election of officers can only take place within the limits of the state.

It was the evident policy of the Legislature to make it easy to form corporations and to encourage the aggregation of capital for business purposes. No previous public notice was required. No petition need be presented to any official for leave to incorporate, nor was it made necessary, as in Pennsylvania, for example, to obtain letters patent from the Governor. No limit was placed upon the amount of the capital stock. No tax of any kind was imposed upon the franchise or privilege of incorporating. No tax was laid upon the capital stock, and it was declared that the real and personal estate of all corporations thereafter formed should be taxed the same as that of individuals. The purpose was to treat the property and business of corporations in the same way as that of natural persons, and the only restrictions imposed were such as were thought necessary for the protection of stockholders and creditors. Corporations were not considered as being hostile

in any way to public interests, and the regulations were intended for the protection of the persons interested in the companies rather than of the public.

No important changes in the corporation laws were made for many years. It was not until 1883[1] that any fee in the nature of a tax was required to be paid on filing a certificate of incorporation, and no change in this fee has been made since then. The payment required is twenty-five dollars on a capital stock of one hundred thousand dollars, and twenty cents for every one thousand dollars of additional stock. It was in 1884 that franchise taxes were first imposed upon corporations, and in this year it was provided that a certain annual tax, by way of license for their franchises, should be paid by all corporations except certain kinds enjoying special privileges, which were specially taxed. Manufacturing companies and mining companies carrying on business within the state were at first wholly exempt, but now these also are taxed, unless at least fifty per cent of their capital stock is invested in manufacturing or mining within the state. The tax is one-tenth of one per cent upon the capital stock up to three millions, and one-twentieth of one per cent upon the excess up to five millions, and fifty dollars for every million after that. This tax was imposed simply for the purpose of additional revenue, and the rates were made low in pursuance of the long-established policy of encouraging, rather than hindering, the aggregation of capital for the purposes, of business. The amount of the tax is based upon the amount of the capital stock, and nothing is left to the discretion of taxing officers, and the law has remained substantially unchanged ever since it was first enacted.

It was in 1888[2] that the Legislature first made provisions for corporations holding and disposing of the stock of other companies, but one of these was of doubtful meaning and the other was limited to certain companies, and it was not until 1893,[3] a year after a similar act had been passed in New York, that the general act was passed declaring expressly that it should be lawful for any corporation of the state of New Jersey to purchase, hold, and sell the stock or bonds of any other corporation in the same manner as an individual might do; but even before this it had already been the practice of corporations, under the advice of counsel, to purchase and

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[1] Laws 1883, p. 252.

[2] Laws 1888, p. 385, 445.

[3] Laws 1893, p. 301.

deal in such stocks under the policy indicated in existing statutes and the general power to hold and deal in property of every kind, in the same manner as natural persons.

It was this power to acquire and hold the stock of other corporations that made it possible for corporations to be organized in New Jersey for the purpose of acquiring the stock of other companies of a similar character, and so to control their property and business, and to bring about under the form of corporate ownership the great combinations which, when produced by means of contracts, had been declared in other states to be in restraint of trade and contrary to public policy.

There was a further revision of the general corporation law in 1896.[1] The limit of fifty years to the duration of a corporation was removed, and provision was made for the creation of different classes of stock, with such preferences and voting powers as might be expressed in the certificate, debts in all cases having preference over preferred stock; and under this provision founders' shares (as they are called in England) may now be created. In 1897[2] acts were passed for the protection of the stockholders and officers of domestic and foreign corporations against suits within the state upon any personal liability arising under the corporation laws of other states. Still further changes were made in 1898.[3] The incorporators were authorized to define and limit the powers of the officers, directors, and stockholders so that the certificate should be not merely a record of the incorporation, but also have the nature of a charter controlling the action of its several parts. Stringent provisions were made to secure the maintenance at all times of a registered principal office, at a definite place within the state, with an agent always in charge thereof, on whom process may be served, and from whom information as to the affairs of the company may be obtained by all who are entitled to it; and companies so registered were relieved of the necessity of giving information to the tax assessors of other states of the actual residence of their directors and stockholders.

In 1899[4] an act was passed which facilitates combinations by declaring that thereafter it shall be lawful for any corporation, except railroad and canal companies, with the consent of two-thirds in interest of its stockholders, to lease its property and franchises to any other corporation.

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[1] Laws 1896, p. 277.
[2] Laws 1897, p. 124.
[3] Laws 1898, p. 407.
[4] Laws 1899, p. 334.

The statutes relating to conspiracy have a bearing upon the policy of the state with regard to combinations in restraint of trade. Under the Revised Statutes of 1846[1] it was a misdemeanor to combine or conspire to commit any act injurious to trade or commerce and the law remained unaltered on this point until 1892. Under a similar statute in New York combinations in restraint of competition were held to be illegal;[2] but in 1892 the act relating to conspiracy was amended in New Jersey so as to omit all mention of acts injurious to trade or commerce,[3] and it had already been declared that it should not be unlawful for workmen to bind themselves by agreement to persuade others to enter into combinations against entering or leaving an employment.[4]

At the risk of being tedious I have reviewed in some detail the course of legislation in New Jersey with regard to corporations, for the purpose of showing what the policy of the state has been with respect to the aggregation of capital for business purposes, and how it came about that capital from other states has sought the protection of her laws in the formation of corporations, with power to acquire and hold the stock of other companies, and unite under one control the property and business of many rival enterprises.

It has been asserted with some heat that New Jersey has encouraged foreign enterprises to be incorporated under her laws with a view to obtaining relief from the proper restrictions and obligations imposed by the laws under which they really belong, and it is suggested that it is only through ignorance of the uses to which it would be put that she has thus permitted her system to be abused.[5]

I think that a careful examination of the course of legislation and judicial decision in New Jersey will show that in dealing with the organization and regulation of corporations she has followed a consistent, definite, and progressive policy. This policy is different from that of many States. It is a policy of encouraging rather than discouraging the aggregation of capital. It regards the corporation as a means of bringing the savings of many into efficient use as capital for the development of resources and the promotion of industries. It treats the corporation as an association for the purpose of business, and deals with it as it deals with individuals and

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[1] Revised Statutes, 1846, Crimes, sec. 61.

[2] People *v.* Sheldon, 139 N. Y. 251.

[3] Laws 1892, p. 200.

[4] Laws 1883, p. 36.

[5] Report of the New York Senate Committee on Trusts, 1897, p. 21, 22.

partnerships in the conduct of their affairs. It adopts the principle that men, whether associated as partners or in joint-stock companies under the name of corporations, should be allowed all the liberty that is consistent with public safety and order; that freedom of contract is an essential part of the liberty of the citizen, and that the largest practicable freedom of the individual is for the best interest of the community.

In pursuance of this policy, the constitution has forbidden the granting of special privileges or franchises and the creation of corporations by a special act of the Legislature or patent from the Governor, and the laws have declared that any persons under certain conditions may form a corporation for any lawful purpose whatever. Special regulations are made for those that are given public franchises in the exercise of the eminent domain, or the use of the public streets, or those that occupy positions of trust like banks or insurance companies; but in regulating corporations formed for general business purposes the laws have been directed to the protection of stockholders and creditors, and to the security of the money invested rather than to the regulation of the business in the interest of the general public. It has been thought best to treat them as business enterprises, subject only to the inexorable laws of trade and to the restrictions that govern individuals in the conduct of their business affairs. The statutes, therefore, have made provisions by which the stockholders, in their certificate of incorporation, or in their by-laws, may define and limit the powers of the officers and directors, or may give them such ample powers as they may think necessary for the successful conduct of the business. Stockholders are given the right to inspect the books, with power to enforce it for proper purposes and in a reasonable manner. They may demand and have full reports from the directors of the condition of the business. An election must be held every year, and in every way the directors are responsible to the fullest extent to the stockholders and subject to their control; but no obligation is put upon an ordinary business company to make the condition of its affairs known to the public. It is only to stockholders and creditors who have a personal interest in the matter that the company is obliged to make known its condition; and, since the revision of 1875, there has been no law requiring statements of the debts and assets to be filed or published, nor have assessors been authorized to inquire into the earnings for the purpose of imposing a tax upon income.

It is largely because of this feature of the policy of New Jersey in dealing with corporations, and because the conduct and conditions of the business are treated as private and not public affairs, and are not made the subject of the scrutiny of the assessor, the curiosity of the public and the jealousy of rivals, that men engaged in large business enterprises, even though in other States, seek the protection of the laws of New Jersey.

With regard to taxation, the policy of New Jersey has been to make the burden moderate and invariable. No taxes at all were imposed upon corporations as such until 1884, and the burden then imposed was a definite tax at a moderate rate upon the amount of the capital stock actually issued, and the rate then fixed has remained unchanged ever since. It is not left with the assessors to determine the value of the franchise and the amount of the tax, and a company can count with certainty upon the amount of the tax both at the present time and in the future. The tax on property is levied as if it were held by individuals. It is a local and not a State tax, and the assessment is made upon the property itself and not on the capital stock.

The element of stability is an important characteristic of the laws governing corporations in New Jersey. Few changes have been made in the statutes during a long period, and these were made along the lines of development already laid down. The decisions of the courts also have been consistent and uniform. The courts have not been easily disturbed by sudden changes of public opinion with respect to corporations, and the bar has been able to rely upon an orderly development of legal principles governing corporate enterprises. Stability in legislation and judicial decision are an important inducement in the choice of a domicile for an organization which is to endure for an indefinite period, and, in view of the possibility of failure and the sudden end of the corporate life, it is also satisfactory for the parents of the enterprise to know that in case of dissolution it will have skilful treatment and decent burial. It is a fact of some importance in determining the location of a company in New Jersey that in case of insolvency, or on dissolution for any cause, the winding up of a corporation is in the hands of a Court of Chancery; and that this is but one court for the whole State, made up of judges set apart for dealing with cases in equity, and acting together with the Chancellor at the head, so that the policy and practice of the court are fixed and well known, and there is no conflict of local jurisdic-

tions with respect to injunctions and the appointment of receivers, and that this court is well known to consist of men of integrity and sound discretion well acquainted with the law.

These are some of the reasons why capitalists in other States organize corporations under the laws of New Jersey, and they are based for the most part upon the policy adopted by New Jersey with reference to corporations organized by her own citizens, and obviously without intention of drawing them away from other States. The chief points of difference in actual policy between New Jersey and a majority of the States relate to the supervision of the business in the interests of the public, and the modes and extent of State taxation. On both of these points the policy of New Jersey was established many years ago, and it was not until the opposite policy in other States had been carried so far as to become oppressive that persons began to seek the benefit of organization under the laws of New Jersey. I need not now discuss the question which of these two kinds of policy is the better from an economic point of view. It is enough to say that the policy of New Jersey was adopted with a view to the interests of her own people and the development of her own resources; and if it be found to be one that encourages the aggregation of capital for the promotion of industries in other parts of the country, this in itself is not sufficient reason for a change of policy on the part of New Jersey.

Edward Q. Keasbey.

[*To be continued.*]